A. Cover Sheet (Attach to from of proposal.)

1. Specify: ☐ agricultural project or ☒ urban project ☒ individual application or ☐ joint application

2. Proposal title: Peninsula Rebate Program

3. Principal applicant: California Water Service Company (Cal Water)

4. Contact—name, title: Candida Rocha, Conservation Coordinator/Customer Service Assistant

5. Mailing address: 1720 North First Street, San Jose, CA 95112

6. Telephone: 408- 367-8230

7. Fax: 408-367-8426

8. E-mail: crocha@calwater.com

9. Funds requested—dollar amount: $40,000

10. Application cost share funds pledged—dollar amount: $40,000

11. Duration –(Month/year to month/year): 8/1/2001 To 8/1/2002

12. State Assembly and Senate district and Congressional district(s) where project is to be conducted: Assembly, Senate and Congressional district are # 18, # 8 and # 12 for South San Francisco, respectively. # 19, # 11 and # 14 for Mid Peninsula respectively and # 21 # 11 and # 14 for Bear Gulch respectively.

13. Location and geographic boundaries of the project: The Cities of South San Francisco, Colma, San Mateo, San Carlos, Atherton, Menlo Park, and Woodside

14. Name and signature of official representing applicant. By signing below, the applicant declares the following:

- the truthfulness of all representations applicant of the proposal;
- the individual signing the form is authorized to submit the application on behalf of the applicant
- The applicant will comply with contract terms and conditions identified in section 11 of this PSP

California Water Service Company — February 13, 2001
(Printed name of applicant) (Date)

James J. Lynch Vice President
(Signature of applicant)

B. Scope of Work

Relevance and Importance

Abstract:

Summary

California Water Service Company (Cal Water) will issue rebates for the purchase of ultra-low-flow toilets (ULFTs) and high efficiency clothes washers (HEWMs) to customers in three districts on the San Francisco peninsula. A major focus will be distributing rebates to low-income customers. Rebates will come from state funding while operational and administrative costs will be funded by the company.

Methods

Qualifying customers will receive a $50 rebate toward a ULFT or a $75 rebate toward a HEWM.

To promote program participation of single-family dwellings in disadvantaged communities, several methods of outreach will be utilized. Cal Water will partner with local convenience, grocery and ethnic stores to post and distribute flyers both in English and Spanish, make radio announcements on local Spanish radio stations, visit low-income schools to distribute flyers to children to take home. Other methods such as bill stuffers and newspaper ads will also be utilized.

Objectives

- Retrofit at least 700 end user appliances in these districts, which will achieve water savings and cost savings for the consumer.
- Further Cal Water's compliance with BMP 6 and 14 of the MOU on Urban Water Conservation.
- Develop the infrastructure, policies, procedures, and training to implement the project on a wider scale in the future.

Applicability to Water Issues, Water Management Plans and Public Interest

- Project will save water from the SFPUC system, which draws water from the Tuolumne River, a drainage of the Bay Delta-system. Water saved in this system may either be held for future use in drought conditions or transferred within the system to other bay-delta uses.
- Reduction in use will give side benefits including reduced electric power costs and environmental externalities of water production.
- Customers will save money
- Consistent with Cal Water's filed urban water management plans
- Cost-effective for society, customer, agency
- Cal Water has difficulty obtaining budget priority from CPUC

Nature, scope, and objective of the project:

The program goals and objectives are:

- Achieve savings in water consumption by promoting the installation of ULFTs and HEWMs;
- Educate low income and disadvantaged communities on water conservation;
- Develop policies and procedures to allow expansion and transfer of this project to Cal Water's entire base of 410,000 service connections.

The programs Cal Water is hoping to expand, develop and implement through CALFED funding are:

- Retrofit existing old toilets in single-family homes with an ultra-low-flush toilet (ULFT) that uses no more than 1.6 gallons per flush. A rebate up to $50.00 per toilet will be offered as incentive to customers to install ULFTs. Limit two (2) toilets per customer.

- Retrofit existing old toilets in multi-family dwelling units with ULFTs. A rebate of up to $50.00 per toilet will be offered as incentive to customers to install ULFTs. Limit ten (10) toilets per customer.

- Retrofit existing washing machines with a High-Efficiency Washing Machine (HEWM), BMP 6 in single-family homes. A $75.00 rebate will be offered as an incentive for customers to replace their old washing machine with a HEWM. Limit one (1) HEWM per customer.

- Retrofit existing washing machines with a High-Efficiency Washing Machine (HEWM) in multi-family dwelling. A $75.00 rebate will be offered as an incentive for customers to replace their old washing machines with a HEWM. Limit two (2) HEWMs per customer.

The CALFED water use efficiency program is vital in our San Francisco Bay Area community, not only because it will contribute to the long-term restoration and management plan for the Bay-Delta Estuary, but also will increase water supply in the event of a severe drought.

This project would be consistent with MOU on Urban Water Conservation, specifically BMPs 6, 9, and 14.

Technical/Scientific Merit, Feasibility, Monitoring, and Assessment:

Technical merit and feasibility

Installation of ULFTs has been proved over time as a cost-effective water savings tool. In single family dwellings, typical water savings is 25 gallons per toilet per day over an older 5 to 7 gallon toilet. High efficiency washers also save approximately 25 gallons per day.

The approach of offering rebates is feasible because it encourages retrofit of these devices without extensive construction or monitoring by the program organizer. Customers would prove they purchased or installed the toilet to get the rebate.

Facilities

The three districts contained in the proposal are in close proximity and have worked together on projects in the past. The districts are served by three customer centers located in:

South San Francisco: 80 Chestnut Avenue, South San Francisco, CA 95080-3227
Mid Peninsula: 341 North Delaware Street, San Mateo, CA 94401-1727
Bear Gulch: 3351 El Camino Real, Suite 190, Atherton, CA 94027-3844

Methods

Information dispersal

Radio (English and Spanish)
Bill inserts
Grocery partnerships
School presentations

Rebate dispersal

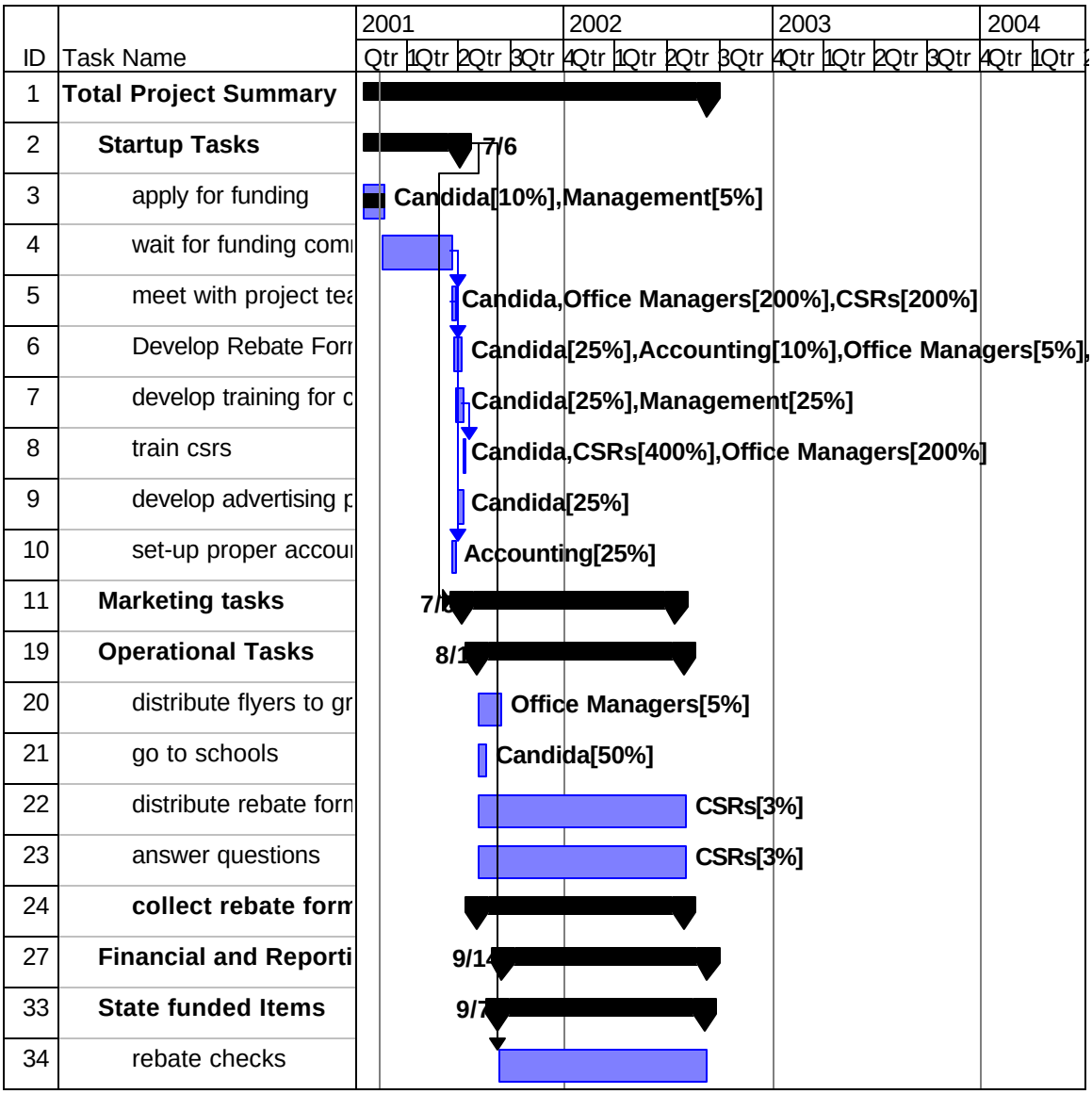
Customer comes in, fills out form and presents to Customer Service Representative (CSR)
Alternatively, form can be mailed to our district office
CSR verifies ULFT purchase
    Receipts
    Possibly require disposal receipt for old toilet
Form sent to accounting department for dispersal
Need to track number of rebates issued in order to stop when the money is exhausted

Accounting, fiscal management

Set up separate account to track rebates
All state money will be directly spent on rebates
    No subsidy of shareholders
Accounts payable training to process forms quickly
Process control to stop when goals achieved
Cal Water will pay overage

Schedule:

The schedule of the project is contingent upon approval of funding from CALFED. If funding awarded, Cal water will comply with CALFED guidelines and will commence the water use efficiency project on or before August 1, 2001, provided that the grant is awarded within the guidelines of proposal solicitation package, pp. 6. The following bar chart assumes funding on the schedule presented. Modification would result from any funding delays, but the entire project would be completed in one year from date of inception.



Task Descriptions:

Startup Tasks

- Apply for funding. Development of response to PSP.
- Project kickoff meeting. A few hour meeting to organize the project team once funding is assured
- Develop rebate forms. This item is critical for developing and expanding the program in the future. The form must be easily processed by the district and the accounting department and provide tracking information for the program. It is important that the Spanish translation be accurate.
- Develop training for CSRs. The conservation coordinator will develop a four-hour training class on how to help customers participate in the program. workshop will cover all the aspects of the program including customer service, outreach, marketing and promotion of the CALFED program. It will stress the importance of tracking assessing, evaluating, reporting, and accounting the activities of the program.
- Train CSRs. Four hour training program.

- Develop advertising plan. The conservation coordinator will organize the publicity, including bill stuffers, radio spots, newspaper ads, and flyers.
- Set up proper accounting procedures. The accounting department will set up an account tracking system for the state funding coming in and the rebates going out so that fiscal responsibility can be easily verified.

Marketing Tasks

Design and print bill stuffer and flyers. Two flyers will be designed: one in English and one in Spanish. Flyers will display the Cal Water logo, and permission will be ask for to use CALFED logo, DWR logo, and the Bureau of Reclamation logo. Text and theme will also be developed at this time.

Commence bill stuffer and distribution of flyers. Bill stuffers will be mail to customers with the water bill, the bill insert will be repeated every quarter to remind customers to take advantage of the rebate.

Flyers will be distributed in elementary schools in disadvantaged neighborhood, convenience and grocery stores.

Commence radio and newspaper ads. Ads will be posted in the local newspaper and the radio broadcasting will be placed on a locally known radio station

Operational/Financial Tasks

- Personnel assigned for the evaluation and pre-qualification of applicant will be ready to assist customers with questions and guidelines, accept applications and process the applications for final approval by the district office manager.
- District office manager will review the application, request the rebate check from the accounting department in San Jose.
- Accounting department will issue the rebates and mail from the corporate office.
- Project manager will keep records in an excel database (the date of check, customer's name, address and amount of rebate will be recorded)
- Quarterly evaluation of the program and report to the state.

Monitoring and Assessment:

The water conservation coordinator in collaboration with the three districts named in the proposal will monitor and assess the project periodically. A timeline will be developed to schedule supervision and evaluation of the project, including weekly conference calls and a monthly meeting to review the procedures of the project.

The MOU has developed standard water savings predictions for ULFTs; so specific monitoring of savings will be unnecessary. However, in the event more documentation is required, a consumption history for the applicants will be generated and future water sales to the customer will be tracked. It is possible that wet-month (December-March) savings could be imputed, though with no certainty of statistical significance.

More important will be efforts to determine which information transfer method is the most efficient and effective. Applications will have a "how did you hear about this" field which will be tracked for future implementation. Data collected throughout the process of monitoring and assessing will be stored in an Excel worksheet and will be available to the project personnel through Cal Water's network. Information to the funding agency will be transmitted electronically or by hard copy, as specified in the proposal solicitation package. Efforts will be made to have a quarterly conservation

Newsletter posted in the Internet under Cal Water Conservation Home page, thus keeping our communities and other service areas informed of the program.

C. Outreach, Community Involvement, and Information Transfer

Contacting the Community
Cal Water's single-family dwelling customers in disadvantaged communities will be notified through bill inserts, newspaper ads, and flyers distributed through one or two schools in low-income neighborhoods in each of the three San Francisco peninsula service areas named in the proposal. Children in grade K through 2 will be given a 15-minute presentation about water conservation inside and outside their home. At the end of the presentation, a coloring book and crayons will be given to the children and will be ask to take the flyer to their parents promoting the water use efficiency project.

Training, Employment, and Facilities
No community members will receive training as part of this program. However, Cal Water's conservation coordinator and customer service staff will use this project to develop their skills in program administration and conservation measures. This pilot program will enable these individuals to more cost-effectively expand and continue this program in the future. Customer Service representatives and the conservation coordinator will then be able to train others how to run similar programs.

The conservation coordinator will hold a half a day workshop for employees of the three participating districts (approximately 2 employees per district). The workshop will cover the following items:

- Importance of the project for long term water supply,
- Cal Water Commitment to excellent customer service.
- Customer service outreach, marketing and promotion of the project
- CALFED grant and its requirement for tracking assessing, evaluating, reporting, and accounting
- Criteria for evaluating applications and proper procedures

Including the conservation coordinator, six employees will be involved in the rebate project,

The level of organization will be as follows:

- The conservation coordinator will oversee the project for the three San Francisco peninsula service areas named in the proposal. She will serve as the connection for the three district and her responsibilities will be to set guidelines and procedures to ensure uniformity throughout the participating districts thus facilitating access and evaluation of the data. The conservation coordinator will contact the school authorities and will plan the school presentations.
- One office manager who will do a final review of the applications for approved or denial, issue check requests for payment to customers, and oversee the project in each district
- One customer service representative (CSR) who will be involved in distributing and receiving rebate forms and verifying compliance with the adopted procedures

Plan dissemination

Cal Water plans to reach other water utilities agencies, wholesale water systems, private and public organizations to share the process and the results of the program. Information will be given about the outcome of the project as well as the learning experience of the program; the number or applicants; the number of rebates issued; expected water savings in A/F; cost of the program and effort needed to successfully implement such a program. Can the program be improved? Why and how; the benefits to the community; the organization; the Bay-Delta; the State; and Federal government. The organizations in mind for this outreach are:

- The SFPUC System, which is the wholesale agency providing water supply to the three Cal Water San Francisco Bay Area districts named in this proposal.
- Other water utilities and organization such as
    - The CUWCC
    - Bay Area Water Users Association,
    - DWR
    - California Public Utilities Commission

Notification of proposal

Cal Water's Conservation coordinator upon receiving the invitation to the water use efficiency proposal solicitation package wrote a memo to all Cal Water district Manager informing them of the proposal as well as encouraging them to participate in the program.

D. Qualifications of the Applicants, Cooperators, and Establishment of Partnerships

Qualifications

Cal Water has provided high-quality water service to Californians since 1926.Serving more than 1.2 million people through 425,000 service connections in 65 communities throughout California, Cal Water is the state's largest investor-owned water utility. (See appendix A)

Cal Water is dedicated to being the leader in providing communities and customers with traditional and innovative utility services. Through its dedication to excellent customers service Cal Water has earned an excellent reputation in communities throughout the State. Cal Water is proud to provide its customers with excellent water quality, excellent customer service, clear, accurate and easy to read bills, and aggressive conservation outreach through community involvement, school education and other programs.

Cal water is one of the original signatories of the MOU on urban water conservation in 1991 and has employed a conservation coordinator for over ten years. However, due to budget authorization constraints imposed by the California Public Utilities Commission, Cal Water has never organized its own toilet rebate program. Cal Water has cooperated with other programs sponsored by MWD and others. This funding provides an excellent opportunity to prove to the CPUC that Cal Water can and will implement toilet and washing machine rebate programs in the future. Positive results will allow us to request funding from our customers for future projects in other districts.

The Bear Gulch district has provided quality water service to the communities of Atherton, Menlo Park, Woodside, Portola Valley, and portions of Redwood City since 1867. Cal Water has owned

this system since 1936, and has been serving more than 17,267 customers. Cal Water currently employs 25 employees in the Bear Gulch district.

The Mid-Peninsula district has provided quality water service since 1931 to the cities of San Mateo and San Carlos, and has been serving more than 25,554 customers. Cal Water currently employs 33 employees in the Mid Peninsula district.

The South San Francisco district has provided quality water service since 1931 to the cities of South San Francisco and Colma, and has been serving more than 15,715 customers. Cal Water currently employs 15 employees in the Mid Peninsula district.

Fiscal controls

Fiscal controls should be a primary concern of the State, both in the program and at the CPUC. Cal Water has developed this proposal so that only direct costs of customer rebates will be funded by the state grant. Strict accounting will be used to ensure this is the case. All matching funding will come from Cal Water's existing staffing and materials budgets. We will send project reports to the CPUC so they may be confident the state grant money is used directly for customer rebates and is not subsidizing operations or shareholder returns.

Project Personnel Overview

Cal Water is staffed with a wide range of well-qualified managerial and technical professionals with many years of experience in water services, water conservation, community outreach, marketing, and customer service. Cal Water proposes to assign six staff members to this project.

Ms. Candida Rocha is the water conservation coordinator of Cal Water and has a broad background in water conservation and her involvement, oversight, management activities for this project will ensure that Cal Water efforts remain in line with Cal Water mission and the project objective.

Mr. Rick Hobert is Cal Water' South San Francisco office manager and will serve as the project manager for both the Mid Peninsula and the South San Francisco districts. Mr. Hobert will be the primary person responsible for the day-to-day activities and management, including project coordinator, budget and implementation. Mr. Hobert will work in closely related with Ms. Rocha and submit all reports related to the program to her. Mr. Hobert will supervise two CSRs.

Mr. Larry Mathias is Cal Water' Bear Gulch office manager and will serve as the project manager in his district. Mr. Mathias will be the primary person responsible for the day-to-day activities and management, including project coordinator, budget and implementation. Mr. Mathias will work in closely related with Ms. Rocha and will submit all report related to the program to her. He will supervise one CSR in the Bear Gulch District.

External Cooperators

The project will be completed primarily using local, in house resources. Partnerships will need to be developed with schools, local markets, and radio outlets.

Partnerships

None

E. Costs and Benefits

Budget summary and Breakdown

	Start	Total Cost	Materials	Labor Cost	Benefits Cost	Overhead cost	Hours
Total Project Summary	**Jan-01**	**$77,107.60**	**$45,800.00**	**$21,915.32**	**$6,887.67**	**$2,504.61**	**812**
Startup Tasks	**Jan-01**	**$7,390.00**	**$0.00**	**$5,173.00**	**$1,625.80**	**$591.20**	**192**
apply for funding	Jan-01	$1,350.00	$0.00	$945.00	$297.00	$108.00	35
wait for funding commitment	Feb-01	$0.00	$0.00	$0.00	$0.00	$0.00	-
meet with project team-kickoff	Jun-01	$824.00		$576.80	$181.28	$65.92	21
Develop Rebate Forms	Jun-01	$1,428.00		$999.60	$314.16	$114.24	37
develop training for csrs	Jun-01	$1,900.00		$1,330.00	$418.00	$152.00	49
train csrs	Jul-01	$1,128.00		$789.60	$248.16	$90.24	29
develop advertising plan	Jun-01	$400.00		$280.00	$88.00	$32.00	10
set-up accounting procedures and ac	Jun-01	$360.00		$252.00	$79.20	$28.80	9
Marketing tasks	**Jul-01**	**$5,320.00**	**$1,800.00**	**$2,464.00**	**$774.40**	**$281.60**	**91**
design flyers	Jul-01	$400.00		$280.00	$88.00	$32.00	10
design bill stuffers	Aug-01	$640.00		$448.00	$140.80	$51.20	17
develop radio psas in spanish and en	Jul-01	$640.00		$448.00	$140.80	$51.20	17
develop newspaper ads	Jul-01	$640.00		$448.00	$140.80	$51.20	17
print and stuff bill inserts	Jul-01	$1,000.00	$600.00	$280.00	$88.00	$32.00	10
print and stuff bill inserts	Dec-01	$1,000.00	$600.00	$280.00	$88.00	$32.00	10
print and stuff bill inserts	Jun-02	$1,000.00	$600.00	$280.00	$88.00	$32.00	10
Operational Tasks	**Aug-01**	**$13,573.60**	**$4,000.00**	**$6,701.52**	**$2,106.19**	**$765.89**	**248**
distribute flyers to grocery and other	Aug-01	$540.00		$378.00	$118.80	$43.20	14
go to schools	Aug-01	$1,920.00		$1,344.00	$422.40	$153.60	50
distribute rebate forms	Aug-01	$2,371.20		$1,659.84	$521.66	$189.70	61
answer questions	Aug-01	$2,371.20		$1,659.84	$521.66	$189.70	61
collect rebate forms	Aug-01	$2,371.20		$1,659.84	$521.66	$189.70	61
travel and mileage	Aug-01	$2,000.00	$2,000.00	$0.00	$0.00	$0.00	-
office supplies	Aug-01	$2,000.00	$2,000.00	$0.00	$0.00	$0.00	-
Financial and Reporting Tasks	**Aug-01**	**$10,824.00**	**$0.00**	**$7,576.80**	**$2,381.28**	**$865.92**	**281**
process forms for payment	Aug-01	$2,808.00		$1,965.60	$617.76	$224.64	73
cut checks	Aug-01	$1,872.00		$1,310.40	$411.84	$149.76	49
recordkeeping	Aug-01	$4,160.00		$2,912.00	$915.20	$332.80	108
reporting	Aug-01	$1,664.00		$1,164.80	$366.08	$133.12	43
determine project end	Aug-01	$320.00		$224.00	$70.40	$25.60	8
State funded Items	**Sep-01**	**$40,000.00**	**$40,000.00**	**$0.00**	**$0.00**	**$0.00**	**-**
rebate checks	Sep-01	$40,000.00	$40,000.00	$0.00	$0.00	$0.00	-

Budget Justification
Labor costs are assigned at $27 per hour across all categories. This represents an overall average of the time spent in project management, administration, operations, and accounting. Benefits are calculated at 33% of salary, which is consistent with Cal Water's overall benefit rate. Overheads for office space and equipment as well as support services are calculated at 11.4% of direct labor, which is consistent with Cal Water's standard rate. All labor is contained in the Cal Water matching funding.

Benefit Summary and Breakdown
As a result of this project, Cal Water estimates savings of approximately twenty (20) acre feet per year in water imported through the SFPUC system. This equates to an annual water savings of $42,900 directly to customers. We expect that $40,000 in project funding will provide 550 toilet rebates and 180 washing machine rebates. Other outcomes are possible. Due to the higher remaining cost of washing machines, it is possible that more toilets and fewer washers will be rebated. In this case, more savings will be achieved due to the smaller rebate on toilets.

This 20 AF is an annual savings to the SFPUC system. It will help mitigate drought conditions in these and other areas served by the SFPUC.

Customer, company, and society benefits are shown on the attached table.

Cal Water has not quantified the energy savings and other benefits of high efficiency washing machines. We believe these will be substantial and would provide the primary incentive for customers to retrofit existing washers. Power company rebates may also be available for HEWMs.

Assessment of Cost and Benefits
See next page.

Summary of Non Quantified Costs and Benefits
To the customer
Value of other rebates received for HEWM retrofit
Increased level of services from new appliances
Energy savings from HEWMs

To the utility
Value of lost revenue (difference between retail cost and wholesale cost of water)
Electric power cost for pumping savings
Possibility of non-linear costs. (May have to hire another person at substantial extra cost)
Possibility of more applicants than rebate money available

To Society
Savings of environmental and other externalities of water production.

ULFT Rebate Program			**Explanation**
Number of Toilets Replaced		550	Estimate
Rebate	$	50	Fixed
Direct Cost	$	27,500	calc
Indirect and startup cost	$	23,650	86% of direct cost
Water Savings			
ULFT per day		25 gallons	CUWCC: BMP savings study
Gallons per year		9125	calc
CCF per year		12	calc
Total CCF savings		6600 /year	calc
Toilet Lifetime		10 years	CUWCC: BMP savings study
Customer cost per ccf	$	1.80	Average retail rate
Total Annual per Customer savings	$	22	calc
PV of Customer Savings	$	159	calc using 6% discount
Customer remaining toilet cost	$	50	estimated remaining cost
Net PV of project from customer perspective	$	109	PV of savings minus cost
Utility cost per ccf	$	1.37	SFPUC wholesale rate
Total Annual Utility savings	$	9,042	calc
PV of Utility Savings	$	66,550	calc using 6% discount
Net PV of project from utility perspective	$	42,900	PV of savings minus cost
Society cost per ccf	$	2.00	long run marginal cost of water
Total Annual Society savings	$	13,200	calc
PV of Society Savings	$	97,153	calc using 6% discount
Net PV of project from society perspective	$	46,003	PV of savings minus cost
High Efficiency clothes washers			
Number of Washers Replaced		180	Estimate
Rebate	$	75	Fixed
Direct Cost	$	13,500	calc
Indirect and startup cost	$	11,610	86% of direct cost
Water Savings			
HEWM per day		25 gallons	CUWCC: BMP savings study
Gallons per year		9125	calc
CCF per year		12	calc
Total CCF savings		2160 /year	calc
Washer Lifetime		15 years	CUWCC: BMP savings study
Customer cost per ccf	$	1.80	Average retail rate
Total Annual per Customer savings	$	22	calc
PV of Customer Savings	$	210	calc using 6% discount
Customer remaining washer cost	$	625	estimated remaining cost
Net PV of project from customer perspective	$	(415)	PV of savings minus cost
Utility cost per ccf	$	1.37	SFPUC wholesale rate
Total Annual Utility savings	$	2,959	calc
PV of Utility Savings	$	28,740	calc using 6% discount
Net PV of project from utility perspective	$	17,130	PV of savings minus cost
Society cost per ccf	$	2.00	long run marginal cost of water
Total Annual Society savings	$	4,320	calc
PV of Society Savings	$	41,957	calc using 6% discount
Net PV of project from society perspective	$	16,847	PV of savings minus cost